HB HB 63



Alcoholic Beverage Control in Montana

House Business and Labor Committee Training January 11, 2011



Montana is a Control State

- It is the policy of the State of Montana, through the Montana Department of Revenue, to effectuate and ensure the entire control of the manufacture, sale, importation, and distribution of alcoholic beverages within the state.
- For the protection of the welfare, health, and safety of the people of Montana. **Montana Code Annotated (16-1-101)**

As a control state, Montana believes that moderation can best be achieved by neither promoting nor encouraging the consumption of alcohol but, instead by controlling it.

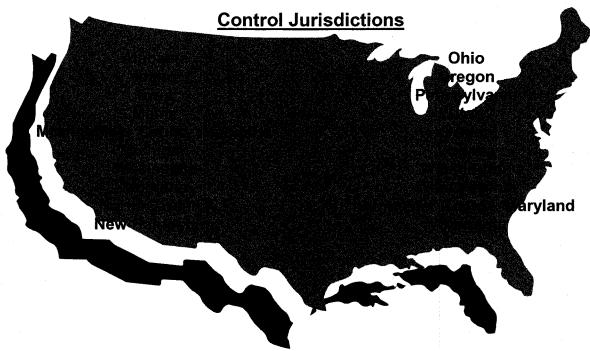
 The purpose of control is to make liquor available to those adults who choose to drink responsibly, not to promote the sale of liquor.

By participating in the marketplace, we are able to serve our citizens with a broader and more flexible range of policy options to promote moderation in the consumption of alcoholic beverages and reduce alcohol abuse.

 Another value of the control distribution system is that it operates solely on the revenue derived from the sale of alcoholic beverages in its jurisdiction. No property, state, or other local taxes are used to support control distribution system operations.

Montana and nineteen other jurisdictions are known as "control jurisdictions."

 These jurisdictions control the sale of distilled spirits and, in some cases, beer and wine through government agencies at the wholesale level.



Control Benefits to Montanans

Promote moderation

 Control systems promote moderation in consumption. Annual statistical data clearly shows that per capita consumption of distilled spirits is approximately 16% lower in control states than in open states.

Support of alcohol programs

 Revenues from liquor taxes are distributed to the credit of the Department of Public Health and Human Services for the treatment, rehabilitation, and prevention of alcoholism and chemical dependency.

Improve overall safety of communities through education, regulation and enforcement

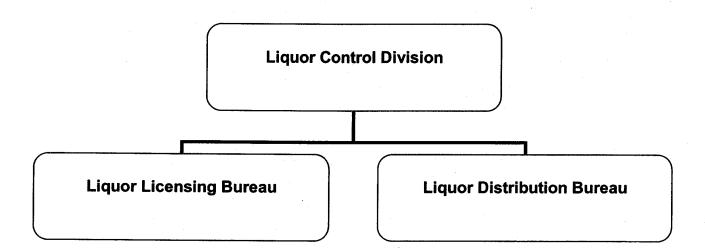
- The control state system continues to provide a regulatory environment that is better able to deter the ever-present risks and costs to the individual and the community of alcohol abuse.
- At one level, the uniform enforcement of applicable laws is made far more effective in a control state, where there are ordinarily fewer sales outlets and more importantly, where the economic incentive to violate those laws is greatly reduced.
- At another level, the control system itself serves both as a visible symbol of the public commitment to moderation and as a vehicle for the promotion of alcohol education and awareness programs to support that commitment.

Major source of revenue

 Liquor sales provide a source of revenue to the State of Montana. The state uses these revenues to help fund state-government operations and to support several government programs.

Department Structure for Liquor Control

The Liquor Control Division is composed of two bureaus, Liquor Licensing and Liquor Distribution.







Liquor Licensing

The Liquor Licensing Bureau is responsible to protect the public health and safety in the consumption of alcohol by properly licensing alcohol beverage establishments, and efficiently distributing alcoholic beverages through a state controlled system. The bureau is generally responsible for overseeing and enforcing compliance with the state's liquor laws, as provided for in the Montana Alcoholic Beverage Code (Title 16).

Duties and responsibilities include:

- Oversees and issues over 4,600 licenses for bars, taverns, restaurants, and any Montana businesses relating to alcoholic beverages.
- Supervise, issue and annually renew these licenses.
- Review individual applicants, financial documents information and premises to determine if individuals meet standard requirements of the law to hold a license
- Review investigative reports and public complaints;
- Ensure compliance with Montana's liquor laws.

Alcohol Beverage License Types

On-Premises Retail (Bars, Taverns and Restaurants)
Off-Premises Retail (Convenient Stores and Grocery Stores)
Table Wine Distributor/Table Wine Importer
Beer Wholesaler/Beer Importer
Alcohol Beverage Manufacturers
Connoisseur's License Beer and Wine

On-Premises Retail Licenses (Bars, Taverns and Restaurants)

This type of licensee may sell and serve alcoholic beverages for on-premises consumption or for off-premises consumption in the original packages, excluding restaurant beer and wine licenses who may only sell for on-premises consumption to patrons that order food.

Types

- All-Beverages Licenses*
 - City (Quota)
 - ◆ County (Quota)
- Beer Licenses**
 - City (Quota)
 - County (No Quota)
- Restaurant Beer and Wine Licenses (Quota)

Additional On-Premises License Types

- Fraternal or Veterans Club Licenses All-beverages/beer (No Quota)*
- Golf Course Beer and Wine License (No Quota)
- Resort Retail All-beverages Licenses (No Quota)*
- Airport All-beverages Licenses (No Quota)*
- Passenger Carrier Licenses (No Quota)
- Special Beer & Wine License Nonprofit Arts Organizations (No Quota)
- Seasonal Beer & Wine License Yellowstone Airport (Specific Purpose)
- MT Heritage Retail Alcoholic Beverage Licenses (Specific Purpose)
- Special Permits (Available to Certain Non-profit Entities, University System & certain Sports Leagues – Limited by Type of Entity)

^{*}Gaming is available with these licenses with minor exceptions. (A Floater License issued after July, 2007 which resulted from a lottery is not eligible to offer gambling.)

^{**}Gaming is available with these licenses with minor exceptions. (New beer licenses issued after 1997 may not be used for premises where gambling is conducted.)

Off-Premises Retail Licenses (Convenient Store, Grocery Stores and a Drugstore licensed as a pharmacy)

This type of licensee may sell beer and table wine for off-premises consumption only. No consumption or tasting can occur on the licensed premises.

Types

- Beer License (No Quota)
- Wine License (No Quota)
- Beer and Wine License (No Quota)
- Sacramental Wine License A sacramental wine license can be issued to an
 establishment located in Montana that sells sacramental wine at retail to rabbis,
 priests, pastors, ministers or other officials of churches or other established religious
 organizations exclusively for their off-premises use as a sacramental wine or for
 other religious purposes.
- Agency Liquor Stores Not a license, but contractual franchise agreement. Sell distilled spirits, fortified wines and table wine (Quota)

Manufacturer Licenses

This type of licensee can manufacture, sell and distribute products they manufacture. A manufacturer licensed in the state that ships directly to retailers is required to pay the tax on such products and provide the appropriate reporting forms to the department.

Types

- Small Brewery License This type of licensee can manufacture, sell and deliver beer from their licensed premises to any beer wholesaler, retail licensee or to the public.
 - Must produce less than 10,000 barrels of beer a year.
 - Provide samples of beer that were brewed and fermented on the premises in a sample room located on the licensed premises.
 - The samples may be provided with or without charge between the hours of 10 a.m. and 8 p.m.
 - Consumption and possession not permitted before 10 a.m. or after 9 p.m.
 - No more than 48 ounces of malt beverage sold or given to each individual customer during a business day.
- Brewery License This type of licensee can manufacture, sell and deliver beer from their licensed premises to any beer wholesaler, retail licensee or to the public.
- Domestic Winery License This type of licensee can manufacture, sell and deliver wine from their licensed premises to any table wine distributor or retail licensee.
 - Must produce less than 25,000 gallons of wine a year.
 - Wineries located in Montana can provide samples of wine they produce in a sample room located on their licensed premises.
- Foreign Winery or Importer Registration A foreign winery registered in the state can ship to licensed table wine distributors or licensed connoisseurs that have provided the winery with the appropriate Department of Revenue issued labels. A wine importer can only ship to licensed table wine distributors.

- Out-of-State Winery License This type of licensee can ship limited quantities directly to retail liquor licensees, licensed table wine distributors and/or licensed connoisseurs. The limit on direct shipments of wine to licensed retailers is 4,500 cases annually.
- Distilled Spirits License/Domestic Distillery License This type of licensee can manufacture, distill, rectify, bottle, process and store spirits of an alcohol to the department. Domestic distilleries may not self-distribute their products.
- Microdistillery License A microdistillery is a distillery located in Montana that produces 25,000 gallons or less of liquor annually. A microdistillery may provide up to 2 ounces of liquor that it produces at the microdistillery to consumers for consumption on the premises. They can also sell for off-premises consumption not more than 1 liter a day to an individual.

Beer Wholesaler and Table Wine Distributor Licenses

This type of licensee purchases beer and table wine either from a licensed brewery, winery, importer, beer wholesaler or table wine distributor for distribution and sell to retail licensees. This type of licensee may not sell to the public or allow consumption on their licensed premises.

Types

- Beer Wholesaler License
- Table Wine Distributor License
- Beer Wholesaler and Table Wine Distributor License

Connoisseur Licenses

A connoisseur may receive direct shipments of beer and/or wine from an out-of-state licensed or registered winery or out-of-state licensed brewery for the person's own consumption and not for resale.

Types

- Beer
- Wine
- Beer and Wine

Special Permits

A tax-exempt organization, non-profit organizations, accredited postsecondary school or professional sporting contests may apply for a special permit to sell beer and table wine to patrons at the special event. The beer or wine must be consumed at the time and within the enclosed area.

License Fees

On-Premises Retail	
County license	\$400
City license	\$400-\$800
Beer Licenses	\$200
♦ Wine Amendment	\$200
Restaurant Beer and Wine License	\$400
Plus one-time fees, as follows:	· · · · · · · · · · · · · · · · · · ·
 Seating of 60 persons or less 	\$5,000
♦ Seating of 61 -100 persons	\$10,000
 Seating of 101 persons or more 	\$20,000
Catering Endorsement – all-beverages license	\$250
Catering Endorsement – beer license	\$200
Veterans Club License	4_0 0
County license	\$250
City license	\$250-\$650
Golf Course License	Ψ
Beer/wine	\$400
One-time fee for non-municipal courses	\$20,000
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Off-Premises Retail	
• Beer	\$200
• Wine	\$200
	
Special Permits	
 Most Special Permits - \$10/day for each day of the eve 	nt
• Sports Leagues - \$1,000/year for the specified season	
Wholesaler/Distributor License	
Beer Wholesaler	\$400
Wine Distributor	\$400
 Sub-warehouse 	\$400
Manufacturer License	
Brewery	\$500
Small Brewery	\$200
• Winery	\$400
 License Renewals 	\$200
 Foreign Winery Registration 	
Based on cases imported	\$0-400
Distiller's License	\$600
Connoisseur's License	
• Beer	\$50/\$25
• Wine	\$50/\$25

Quota System

- Quota system has been in place since 1947
- There are two types of quota areas: city and county
- Quota system for incorporated towns and counties
 - ◆ All-beverage licenses
 - Incorporated towns based on population within city limits
 - Counties based on population within county limits less population in incorporated towns.
 - Beer licenses
 - Incorporated cities based upon population within the city limits
 - Counties no limit

City Quota Area (The City Licenses can be located within the corporate city limit and within a distance of 5 miles from the corporate limits.)

All-Beverage License Quota Amounts

- Population 500 or less = 2 licenses
- Population 500 3,000 = 3 licenses for first 1,000 inhabitants plus 1 for each additional 1,000
- Population 3,000 or more = 5 licenses for first 3,000 inhabitants plus 1 for each additional 1,500

Beer License Quota Amounts

- Population 500 or less = 1 license
- Population 500 2,000 = 1 license for every 500 inhabitants
- Population 2,000 or more = 4 licenses for first 2,000 inhabitants, 2 licenses for the next 2,000 and 1 additional license for every additional 2,000

Restaurant Beer and Wine (RBW) License Quota Amounts

- Population 5,000 equal to 80% of beer quota
- Population 5,001– 20,000 equal to 160% of beer quota
- Population 20,001 60,000 equal to 100% of the beer quota
- Population 60,001 equal to 80% of the beer quota

County Quota Area

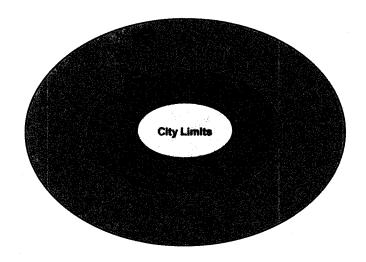
All-Beverage License Quota Amounts

All populations: 1 license for 750 inhabitants of the county after excluding the population of incorporated cities and incorporated towns in the county. County All-Beverage Licenses can be located anywhere in the county except within the boundaries of the incorporated cities and town and within a 5 miles radius.

Beer License Quota Amounts

None.

Quota Area



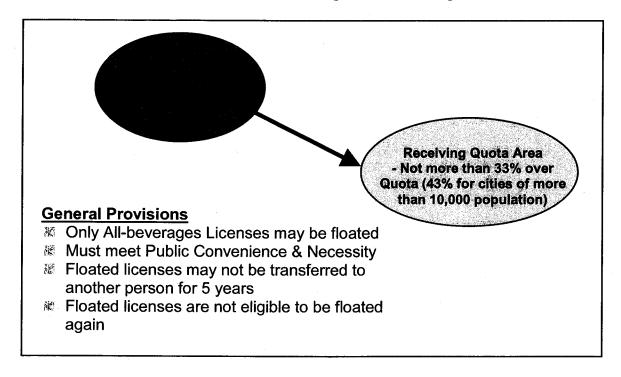
Quota Licenses Issued (2010)

Source:

On-Premises All-Beverages LicensesTotal Licenses IssuedTotal Quota	1,477 1,170
On-Premises Beer LicensesTotal Licenses IssuedTotal Quota	442 473
Restaurant Beer/Wine Licenses Total Licenses Issued Total Quota	220 482

June 29, 2010 Quota Sheet

Floating Licenses Between Quota Areas [16-4-204, MCA]



Lottery All-Beverage Floater Licenses

- Liquor statutes provide a mechanism for all-beverage licenses to float from an existing location that is technically over quota to a location that is technically under quota.
- As population fluctuates, the number of quota licenses is adjusted.
- Every year, we use the estimated census to determine if there are areas floater licenses are available. This year based on the increase in population 3 all-beverage" floaters" were available; all 3 in the Billings quota area. If more applicants apply then number of licenses available, the lottery rules come into effect.

New requirements from 2007 legislative session

- The new changes from legislation establish a set of requirements associated with "lottery" floater liquor licensee applications.
- Applicants cannot own an existing all-beverage license at the time of application,
- Must provide a letter of credit of \$100,000,
- Can apply for only one lottery a year and,
- The successful applicant -- must open the business within 12 months of the lottery.
- Plus the gambling privilege is removed from the license.

On and Off-Premises License Ownership Requirements

Individual Applicants

- Does not possess an ownership interest in more than one All-Beverages License or in an Agency Liquor Store.
- Applicant or applicant's immediate family is without financing from or affiliated to a manufacturer, importer, bottler or distributor of alcoholic beverages.
- Applicant is likely to operate the establishment in compliance with all applicable laws
 of the state and local governments.
- Applicant is current on Montana taxes.
- Applicant is not under 19 years of age.

Business Entity Applicants

- Any individual with financial ownership of 10% or more must meet the requirements of an individual applicant.
- Any individual who has control over the operation of the license must meet the requirements of an individual applicant.
- Each person who shares in the profits or losses meets the requirements of an individual applicant (Does not apply to owners of less than 10% of the stock).
- Business is authorized to do business in Montana and current in Montana taxes.
- The applicant provision does not apply to a Passenger Carrier License.

Manufacturer, Importing or Wholesaler/Distributor License Requirements

Individual Applicants

- For Wholesaler/Distributor, does not possess an ownership interest in any establishment licensed for retail sales, or manufacture of alcoholic beverages.
- For Manufacturer and importers, does not possess an ownership interest in any establishment licensed for retail sales or wholesale/distributor.
- Does not possess an ownership interest in an Agency Liquor Store.
- Applicant has not been convicted of a felony or, if the applicant has been convicted of a felony, the applicant's rights have been restored.
- Applicant is likely to operate the establishment in compliance with all applicable laws of the state and local governments.
- Applicant is not under 19 years of age and is current with all Montana taxes.

Business Entity Applicants

• Same as Business Entity Applicants for On-Premises Licenses.

Joint Process with Department of Justice - Gambling

- The Department of Revenue and the Department of Justice have a partnership between gambling and liquor licensing to streamline the process.
 - Joint application process
 - The Department of Justice provides investigation and auditing services with a Memorandum of Understanding.

Licensing Application Processing Statistics

FY2010 (July 1, 2009 to June 30, 2010)

•	Total number on-premises applications approved	291
	 Includes transfers of licenses, new licenses, transfer of locations, etc. 	;.
•	Average number of days to approve	65
•	Total number all types of applications approved	511
	• Includes on-premises, off-premises, distributors, manufacturers, etc.	
•	Average number of days – all applications	58
•	Total number of special permits issued	507
•	Total number of renewals	4,973

Protested Applications

Public Convenience and Necessity Protests

- Only for original licenses and transfers of location
- Must receive a sufficient number of protests
 - Protests must equal 25% of the number of quota all-beverages licenses in the area located but not less than 2 protests.
 - Only applies to either on-premises beer or all-beverages licenses
- If requisite number of protests are received the hearing will be held in the county where the proposed premises are located

Requirements

- Evidence indicates that the issuance of an original license or transfer of location will "materially promote the public's ability to engage in the licensed activity."
- The issuance will materially promote the public's ability to engage in the licensed activity if:
 - The applicant's history and experience demonstrate the capacity to operate the proposed license in a lawful manner;
 - The application for the premises of the proposed location is consistent with the public's demand or probable demand for the licensed activity that presently exists or is reasonably expected to exist within the next 5 years;
 - The application for the premises at the proposed location contributes to the public's ability to participate in the licensed activity; or
 - ◆ The application for the premises at the proposed location is consistent with adopted or pending planning, annexation, and zoning ordinances of local governments that confer or will confer jurisdiction over business and developments such as the proposed license

Denial of License 16-4-405, MCA

- If at least one protest is received but not the number of protests required for Public Convenience and Necessity, then a §16-4-405 hearing will be held
- A license may not be issued if the department finds from a hearing that:
 - The welfare of the people residing or of retail licenses located in the vicinity of the premises for which the license is desired will be adversely and seriously affected;
 - The applicant or the proposed premises for licensing fail to meet the eligibility or suitability criteria;
 - A possible reason for denial listed in a conditional approval letter has been verified: or
 - The purposes of Montana Beverage Code will not be carried out by the issuance of the license

Alcohol Code Violations

- Upon a written verified complaint of a person, the Department of Revenue will request the Department of Justice to investigate a complaint.
- Upon reviewing the Department of Justice's investigation report or an admission from a licensee or receiving a local law enforcement agency's investigation report, the Department of Revenue may at its discretion take one or more of the following actions:
 - Reprimand the licensee
 - Proceed to revoke the license of the licensee
 - Suspend the license for a period of not more than 3 months
 - Refuse to grant a renewal of the license after its expiration, or
 - Impose a civil penalty not to exceed \$1,500
- All actions taken by the Department of Revenue are subject to the opportunity for a hearing under the Montana Administrative Procedures Act

The most common Alcohol Beverage Code violations are:

- Sale to a minor
- Open after hours
- Serving after hours
- Undisclosed ownership interest
- Alteration of premises without prior approval
- No management agreement
- Non-use without prior approval

License Revenue

Consists of Licensing Fees, Annual Renewal Fees and Violation Revenue

FY2005	\$1,768,806
FY2006	\$2,091,179
FY2007	\$1,836,286
FY2008	\$3,155,184*
FY2009	\$2,291,039
FY2010	\$2,242,500

^{*}Increase mainly due to issuance of New Restaurant Beer and Wine licenses based on 2007 legislation plus timing of collections renewal revenue in 2007 was extremely low.

Miscellaneous Provisions

- Minimum Price Requirements Distilled spirits may not be sold below the minimum posted price for a product
- Retail Sale Hours Alcoholic beverages may not be sold between the hours of 2:00 a.m. and 8:00 a.m.
- Proximity to Churches and Schools No retail license may be issued whose premises are within 600 feet of a church or school
- Purchase of Product by Retailers All retailers must purchase product from either an Agency Liquor Store, a Licensed Wholesaler/Distributor, Licensed Winery or Brewery

Taxation of Alcoholic Beverages

Distilled Spirits (Liquor)

The pricing on distilled spirits and fortified wines include both an excise tax and a license tax. The appropriate tax rate is determined by the total number of proof gallons the company manufactured, distilled, rectified, bottled, or processed and sold nationwide in the preceding calendar year. Listed below are the rate schedules.

Liquor Excise Tax

<u>Rate</u>	<u>Production</u>
16%	More than 200,000 proof gallons
13.8%	50,001 to 200,000 proof gallons
8%	20,000 to 50,000 proof gallons
3%	Less than 20,000 proof gallons

Liquor License Tax

<u>Rate</u>	<u>Production</u>
10%	More than 200,000 proof gallons
8.6%	50,001 to 200,000 proof gallons
2%	50,000 or less proof gallons

• Revenue per wine gallon of liquor is \$15.82 (18th highest in U.S.)

Beer

Based upon barrels of beer produced annually (barrel = 31 gallons)

♦	Up to 5,000 barrels	\$1.30/barrel
•	5,001 to 10,000 barrels	\$2.30/barrel
♦	10,001to 20,000 barrels	\$3.30/barrel
•	Over 20,000 barrels	\$4.30/barrel
_		

Revenue per wine gallon of beer is \$0.17 (Lowest in U.S.)

Wine

- 27 cents per liter of wine
- 3.7 cents per liter of hard cider
- Revenue per wine gallon of wine is \$1.45 (43rd highest in U.S.)



Tax Revenue

Liquor Excise Tax

FY2005	\$ 9,609,132
FY2006	\$10,651,853
FY2007	\$11,716,614
FY2008	\$12,512,799
FY2009	\$12,989,225
FY2010	\$13,020,876

Liquor License Tax

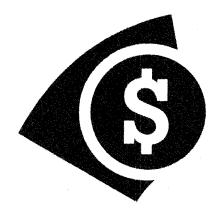
FY2005	\$6,007,218
FY2006	\$6,658,036
FY2007	\$7,322,884
FY2008	\$7,820,502
FY2009	\$8,118,270
FY2010	\$8,138,240

Beer Tax

FY2005	\$3,856,202
FY2006	\$3,910,939
FY2007	\$4,026,969
FY2008	\$4,119,676
FY2009	\$4,150,186
FY2010	\$4,055,805

Wine Tax (includes Hard Cider)

FY2005	\$2,286,861
FY2006	\$2,441,272
FY2007	\$2,439,496
FY2008	\$2,700,346
FY2009	\$2,847,450
FY2010	\$2,859,927







Liquor Distribution

The Liquor Distribution Bureau is responsible to efficiently maintain a regulated channel of distribution with an emphasis on customer service by fulfilling the public demand of distilled spirits and fortified wine through Agency Liquor Stores.

The bureau is generally responsible for overseeing and managing the effective receipt and distribution of alcoholic beverages in the state.

Duties and responsibilities include:

- Operates the state liquor distribution center over a \$110 million dollar business
- Include ordering, maintaining and monitoring liquor warehouse inventories in a manner that balances state interests with liquor distribution outlet customers;
- Establishing and posting statutorily-defined prices for all liquor products distributed through the liquor warehouse; and
- Establishing, maintaining and monitoring relationships, compliance issues, and state contracts with 94 separate agency liquor stores.



Agency Liquor Stores

Commissions and Discounts

- The agency liquor stores have 3 different commissions and discounts.
 - Commission Percentage Discount
 - Volume of Sales Discount
 - Weighted Average Discount

Commission Percentage Discount

- 10% for communities in population 3,000 or less
- Established by competitive bidding in communities with 3,000 or more in population
- Can be adjusted every 3 years based on 2 methods:
 - Current commission is less than the average % being paid to stores with similar sales volume (Standard Bell Curve is used)
 - If agent can demonstrate cost beyond the agents control

Volume of Sales Discount (HB 348 from the 2001 legislative session)

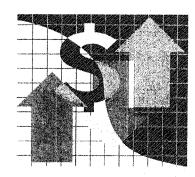
- The % rate is based upon annual dollar volume of sales in the previous fiscal year
 - ◆ A volume of sales of \$565,221 or more 0.875%
 - ◆ A volume of sales less than \$565,221 1.5%
 - Rates are adjusted on an annual basis based on sales volume.
 - Threshold adjusted annually An inflation factor is used to calculate the new volume of sales cutoff based on the 25 liquor products with the highest quantity of cases sold in the previous calendar year.

Weighted Average Discount

- Intended to compensate agency stores for the 8% full case lot discounts required to provide to all-beverage licensees.
- Determined by the each store's ratio of the dollar value of discounts given by the store's gross sales based on fiscal year 1994 sales.

Liquor Distribution Revenues and Transfers

The Liquor Control Division distributed \$25.2 million to the State General Fund and \$5.3 million to the State Special Revenue Fund in fiscal year 2010.



	FY2006	FY2007	FY2008	FY2009	FY2010
Gross Sales	\$83,900,000	\$92,300,000	\$98,600,000	\$102,300,000	\$102,700,000
Agents Total Commissions and Discounts	\$10,100,000	\$11,100,000	\$12,100,000	\$ 12,600,000	\$ 12,600,000
Operational Expenses	\$1,500,000	\$1,600,000	\$1,600,000	\$ 1,500,000	\$ 1,700,000
Net Profits	\$7,450,000	\$8,200,000	\$8,775,000	* \$ 7,250,000	\$ 9,000,000
Taxes Transferred	\$17,309,889	\$19,039,498	\$20,333,300	\$ 21,107,495	\$ 21,159,116

^{*} House Bill 5 – 2009 Legislative Session provided 1.75 million of profits to renovate the current liquor warehouse. This will extend the useful life of the warehouse to more than 20 years as the state's liquor sales continue to grow.

Types of Revenue

Liquor wholesale operations generate two types of revenue: Taxes and Profits.

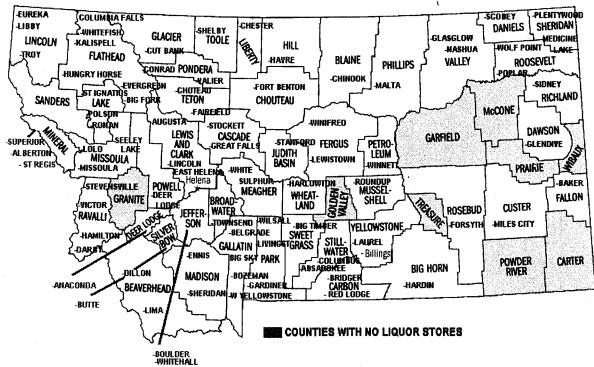
Taxes

Taxes are included in the sale price of each product. The tax is collected when the product is sold from the warehouse and payment is made from the agency stores. The tax is then transferred to either the General Fund or State Special Revenue Fund. The taxes are washed through Liquor Enterprise Fund.

Profits

A 40% mark-up is included in the sale price of each product. The mark-up in essence pays for the liquor distribution warehouse operations and the commission rates and discounts provided to the agency liquor stores. The remaining profits are then transferred to the general fund.

Montana Cities with Liquor Stores



Agency Liquor Store Operations

16-2-101, MCA

- Agency Liquor Stores must purchase all alcoholic beverages except for beer and table wine from the state liquor dispensary.
- Agency Liquor Stores may sell distilled spirits, fortified wine and table wine. Table wine may be purchased from a distributor without an additional license.
- Agency Liquor Stores must be open for the sale of alcoholic beverages for a minimum of 6 hours per day between 8 a.m. and 2 a.m.
- Agency stores must be closed Sundays, Mondays and legal holidays. They may be open on Mondays that are not legal holidays, if 51% of the all-beverage licensees in the community sign a petition to allow.
- Agency Franchise Agreements are effective for a 10-year period and must be renewed at the existing commission rate for additional 10-year periods if the requirements of the agency franchise agreement have been satisfactorily performed.
- The Agency Liquor Store is required to sell liquor to licensees at the state posted price for bottle purchases and at a reduction of 8% discount from posted price for full case purchases of regular listed products.
- The Agency Liquor Stores are required to sell to all other persons at or above the posted price. The agent may establish a mark-up for their retail price.
- The Agency Liquor Stores have weekly deliveries.
- The Department supplies a quarterly price book with various classes, varieties and brands of liquor for sale with the state's posted price.
- Agency Liquor Stores have 60 days from the date of invoice to pay for products purchased from the State Liquor Warehouse.

New Agency Liquor Stores

- Current number of State Agency Liquor Stores in operation is 94
- Any new state agency liquor store must be operated by an agent

Number of Agency Liquor Stores in a Community [16-2-109, MCA]

The number of state agency liquor stores that may be located in a community will vary with the population in a community. The number of stores that may be located in a community may vary as proscribed in 16-2-109, MCA. For example there may be:

- One agency liquor store if the population is 0 12,000;
- Two agency liquor stores if the population is 12,001 52,000;
- Three agency liquor stores if the population is 52,001 92,000;
- Four agency liquor stores if the population is 92,001 132,000; or
- Five agency liquor stores if the population is 132,001 172,000; and
- One additional agency liquor store within increments of population of 40,000 inhabitants above 172,000.

Location Limitations [16-2-109, MCA]

- New stores may not be located in a community that is within 35 miles to another community with an agency liquor store unless the population permits.
- In communities that may have more than 1 agency liquor store they may not be located closer than a 1-mile radius of each other
- May not be in or adjacent to a grocery store in communities greater than 3,000.

Selection of an Agent [ARM 42.11.310]

- Selected according to competitive procedures under the Montana Procurement Act
- For stores in communities with less than 3,000 population, an agent will be selected according to procedures for competitive sealed proposals as defined in ARM 2.5.602 and the agents commission will be initially established at 10% of adjusted gross sales
- For stores in communities with a population of 3,000 or more, according to procedures for competitive sealed bids as defined in ARM 2.5.601 and the agents commission will be initially set at the percentage bid by the lowest responsive bidder

Contracts may be Reassigned [16-2-101, MCA]

 An agent may assign an agency franchise agreement to a person who, upon approval of the department is named agent in the agency franchise agreement, with the rights, privileges, and responsibilities of the original agent for the remaining term of the agency franchise agreement.

Liquor Control Division - Education

The Liquor Control Division includes a wide variety of educational efforts designed to educate and inform sellers, distributors, and manufacturers of alcoholic beverages, as well as the general public, on topics addressing the safe and responsible consumption of alcoholic beverages in the state.

The division works with other community partners via educational programs that help to decrease underage drinking, binge drinking, and over-service through our responsible sales and service training program, "Let's Control It".

- We train and certify trainers (462) to train the department's training program, these trainers are all community volunteers.
 - In turn these trainers provide training with tips and tools to bars, taverns, restaurant, convenient stores, grocery stores, sellers and servers to prevent the underage sales and sales to intoxicated individuals.
 - To date, approximately 11,400 servers and sellers have been trained through the state's program.

